

VZCZCXRO0477
OO RUEHBI RUEHCI RUEHLH RUEHPW
DE RUEHNE #2983/01 1220956
ZNY CCCCC ZZH
O 020956Z MAY 06
FM AMEMBASSY NEW DELHI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3218
INFO RUEHBJ/AMEMBASSY BEIJING 1728
RUEHLM/AMEMBASSY COLOMBO 4989
RUEHKA/AMEMBASSY DHAKA 5020
RUEHIL/AMEMBASSY ISLAMABAD 7983
RUEHKT/AMEMBASSY KATHMANDU 5680
RUEHMO/AMEMBASSY MOSCOW 8106
RUEHKO/AMEMBASSY TOKYO 3178
RUEHCI/AMCONSUL CALCUTTA 3484
RUEHCG/AMCONSUL CHENNAI 3381
RUEHKP/AMCONSUL KARACHI 3617
RUEHLH/AMCONSUL LAHORE 2499
RUEHBI/AMCONSUL MUMBAI 2650
RUEHPW/AMCONSUL PESHAWAR 3155
RHEHNSC/NSC WASHDC
RUEIDN/DNI WASHINGTON DC
RHHMUNA/CDR USPACOM HONOLULU HI
RUCNDT/USMISSION USUN NEW YORK 0448
RHMFISS/HQ USCENCOM MACDILL AFB FL
RUEHGV/USMISSION GENEVA 2705
RHHMUNA/HQ USPACOM HONOLULU HI
RHMFISS/HQ USSOCOM MACDILL AFB FL
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 002983

SIPDIS

SIPDIS

E.O. 12958: DECL: 05/02/2016
TAGS: [PGOV](#) [PINR](#) [PREL](#) [KDEM](#) [IN](#)
SUBJECT: INDIA'S STATE ELECTIONS: A REFERENDUM ON CONGRESS
POLICIES

REF: A. NEW DELHI 2873
[1](#)B. NEW DELHI 2867
[1](#)C. CALCUTTA 145
[1](#)D. CALCUTTA 148
[1](#)E. CHENNAI 567
[1](#)F. CHENNAI 732

Classified By: CDA Bob Blake for reasons 1.4 (B,D)

[1](#)1. (C) Summary: The usual religious and caste issues have been all but absent in the April/May electoral contests in four states and one Union Territory, raising the prospect that the vote will be viewed as a referendum on UPA economic and foreign policies. The Communists hope to move the electoral focus in this and future contests from religion, caste and Hindu nationalism to economic globalization, arguing that UPA policies aggravate economic disparity and benefit the upper and middle classes at the expense of the poor. Should the Left do well and Congress do relatively badly, the UPA could be forced to move more cautiously on economic liberalization and its pro-US foreign policy. Whatever the outcome, the Communists will not withdraw their support from the UPA government, for to do so would remove their hand from the levers of power. The CPI(M) is currently expected to win handily in West Bengal, and to unseat the current Congress-dominated coalition and return to power in Kerala. Because the BJP does not have any role in the states holding elections, the principal contest is between the Congress Party and its regional allies and the CPI(M) and its Left and regional allies. With the BJP in decline, this could become the pattern for future elections. End Summary.

Five State Elections

[1](#)2. (U) Four Indian states and one Union Territory are concluding Assembly Elections in early May. They include:

West Bengal, Kerala, Tamil Nadu, Assam, and Pondicherry. The National Election Commission plans to release the results of all five contests on May 11. With electronic voting the outcome will be clear by mid-day. There is a strongly-entrenched CPI(M) government in West Bengal. Congress and its allies rule in Assam, Kerala and Pondicherry, and Tamil Nadu is ruled by the DMK, a regional party, which is a nominal member of the UPA.

Implications for the Communists

¶3. (C) The best possible outcome for the CPI(M) and its Left Front Allies would be a walkover in West Bengal coupled with a strong win in Kerala. This would give the Communists uncontested control of their two traditional bastions. West Bengal Chief Minister Buddhadeb has indicated that he would view a strong electoral showing as a mandate for more liberalization and economic reforms in West Bengal. However, this pragmatic approach is unlikely to be duplicated in New Delhi, where the CPI(M) would depict electoral victory as support for its rejection of many aspects of the UPA's economic liberalization program and pro-US foreign policy. Communist patriarch Jyoti Basu reflected the opinion of the leadership when he stated on May 1 that even after electoral victory an energized LF would continue to support the UPA government in New Delhi "from outside." Basu made it clear, however, that the Communists would use their increased influence to counter UPA economic and foreign policy initiatives and expand outside their traditional states of West Bengal, Kerala and Tripura. The worst possible outcome

NEW DELHI 00002983 002 OF 004

for the Communists would be a weaker than expected showing in West Bengal and a defeat in Kerala. Such a move could convince Communist ideologues that voters rejected them for becoming too close to Congress, the UPA and "neo-liberal" economic policies. A chastened and fearful CPI(M) could then demonstrate its independence and ideological purity by turning up the rhetorical heat and more vociferously opposing the UPA agenda. In either scenario a more rambunctious left is likely.

Implications for Congress

¶4. (C) The best possible outcome for Congress would be clear victories in Assam, Pondicherry, and Kerala and a reasonable showing in West Bengal. The DMK has little or no loyalty to the UPA, and its victory in Tamil Nadu would hardly qualify as a coalition triumph. Congress could view a positive electoral performance as a vote of confidence for its programs and begin contemplating an early election aimed at strengthening the UPA sufficiently to no longer require Communist outside support to remain in power. Congress is likely to wait, however, to see how it performs in the upcoming state election in the key state of Uttar Pradesh (Ref B) as a good showing there would further demonstrate that it is on a political winning streak. The worst possible outcome for Congress would be the defeat of its sitting governments in Pondicherry, Kerala, and Assam coupled with a DMK defeat in Tamil Nadu, causing the party to suspend its economic reform initiative and turn inward to defend against expected Communist and BJP attacks.

The BJP is Not in the Picture

¶5. (C) The BJP is nominally India's leading opposition party, but increasing infighting and decay has prevented it from effectively playing this role. In addition, the recent wounding of party General Secretary Pramod Mahajan in a shooting attack has deprived the BJP of a key leader at a crucial time (Ref A). None of this year's elections are taking place in BJP-ruled states or areas where the party has a significant presence and it has no chance of making

electoral gains. With the BJP out of the picture, the focus has shifted to the Congress/CPI(M) contest. This lack of electoral opportunity has deprived the BJP of a chance to revive through the electoral process. With the party set to remain in the political wilderness, the likelihood of prolonged and destructive internal conflict could increase, leaving the BJP ill-equipped to contest elections in 2007 and making the LF the de-facto opposition.

What Happened to the Third Front?

16. (C) Some regional parties are anxious to break away from political dominance by Congress and BJP-led coalitions and form a new coalition capable of winning a national election and forming a "third front" government. However, the political arithmetic dictates that such a coalition cannot be credible without the bloc of 59 MPs belonging to the Left Front. The Communists have no interest in withdrawing support from the UPA and supporting a Third Front and this election will not change their mind. They are benefiting from the status quo, which gives them the most political impact they have ever enjoyed. This will likely reinforce Communist determination to remain aloof and doom the prospects for a third front.

NEW DELHI 00002983 003 OF 004

Election Handicapping

17. (C) Political pundits and opinion leaders have handicapped the races as follows:

West Bengal: Most expect the West Bengal contest to be a walkover for the ruling Communist Party of India (Marxist), with some polls showing the Communists winning by their highest margin ever. The Congress Party and the BJP have been reduced to insignificance in the state, leaving the breakaway Trinamool Congress as the leading opposition party, but its star is also fading, leaving the CPI(M) securely in control.

Kerala: The contest here is between one coalition dominated by the Congress Party and another dominated by the CPI(M). The Congress coalition is currently ruling, and most expect the Communists leg group to unseat them by a narrow margin, as there is a strong anti-incumbency tradition in the state and the two coalitions have traditionally traded power at election time. Kerala's complex caste and religious equations have left the two coalitions almost equally divided, almost assuring a slim victory margin.

Tamil Nadu: Two regional parties, the DMK and the AIADMK, are contesting here, along with their small regional allies. The DMK, headed by M Karunanidhi, currently belongs to the UPA coalition, which rules in New Delhi and is supported by Congress. This has little meaning in Tamil Nadu, however, where local issues predominate and the dominant regional parties have no binding loyalties and can easily switch from one coalition to another. Pundits have been reluctant to predict the outcome of the Tamil Nadu election, claiming that the two parties are running neck and neck (Ref F).

Assam: Currently ruled by Congress, Assam's leading opposition party is the regional Asom Gana Parishad (AGP). The BJP has a small presence in the state and would have to back the AGP to be part of the government. Most are predicting that Congress will lose its majority but retain power in a coalition with small independent parties. (Ref C).

Pondicherry: A Congress-led coalition rules in Pondicherry. Most expect it to return to power with a slim margin. The BJP does not have a significant presence in the state and the opposition consists of a coalition of small regional parties with no national affiliation.

Comment: What Does it Mean for the US?

18. (C) When the BJP was strong, it preferred to mold elections around its Hindutva ideology and the electoral battle was between the Hindu nationalism of the BJP and the "secularism" of Congress. Since the two parties do not differ significantly in their espousal of economic liberalization and a pro-US foreign policy, these issues were pushed into the background. With the BJP currently moribund, this year's battle is between the CPI(M) and its allies and Congress and its allies and the political emphasis has shifted. Political pundits have begun to discuss the possibility that the BJP may never recover its former status and the resulting political shift may be permanent.

19. (C) The Communists see themselves as part of a worldwide anti-globalization movement that has already begun to shift

NEW DELHI 00002983 004 OF 004

against the US and its "neo-liberal" policies. Encouraged by events in Cuba, Bolivia and Venezuela and by Maoists advances in Nepal, they expect a similar political trend to emerge in India. In the 2004 election, a significant portion of the Indian electorate felt left out of the BJP's version of the economic miracle and rejected the BJP's admonition to vote for a "shining India." The CPI(M) argues that with the decline of Hindutva, and the BJP's "Hindu fascism" increasingly unlikely to return, the political focus will shift to globalization, which the Communists project as benefiting the middle class and elites at the expense of the poor and rural masses. As long as there is a glaring (some say growing) disparity between India's rich and poor, such arguments will resonate with a committed bloc of voters, and the Communists will retain and possibly expand their base. This and future elections could determine whether India modifies its current economic reform model or increases the pace.

110. (C) Globalization is not yet the principal concern of most Indian voters, and local factors will play a dominant role in determining the outcome of this year's elections. However, Hindutva and religious issues were all but absent from the state elections of 2006 and economic concerns and globalization are gradually supplanting caste and regional concerns as India's amazing economic growth rate and its consequences become unavoidable even in the most remote areas. A poor Congress showing this year would lead some in the party to argue that its embrace of a pro-US, pro-economic liberalization agenda has been too enthusiastic and should be scaled back. Conversely, Congress would interpret a good showing as evidence that the reform agenda has popular support, that they need not be as concerned about Left opposition and that they can proceed more quickly and resolutely. Should the outcome prove more muddled and less decisive, the Communists and Congress will carry this debate into future elections and their uneasy political marriage will continue.

111. (U) Visit New Delhi's Classified Website:
(<http://www.state.sgov.gov/p/sa/newdelhi/>)
BLAKE